3 February 2026

Global Markets Research

Daily Market Highlights

3 Feb: Upbeat ISM manufacturing revived risk sentiments

Stocks rebounded; UST fell on pared rate cut bets; Kevin Warsh to succeed Powell

USD advanced against all G10s; JPY gained amid dialled back in intervention risk

Nonfarm payroll release will be delayed amid partial government shutdown

- Rather heavy newsflows over the extended weekend while the Malaysian markets were shut for holidays on Monday. Of note, Trump nominated former Fed Governor Kevin Warsh as the next Fed Chair succeeding Jerome Powell. While Warsh is touted to be less dovish (focus on inflation) among other potential candidates earlier, it remains to be seen what is his policy direction going forward as he settles in. Still, market pricing for Fed rate cuts for the whole of 2026 increased from 48bps to 54bps post announcement, but has now dialled back to 48bps at the point of writing after the surprisingly strong ISM print dampened rate cut bets again. As a result, UST yields rose 4-5 bps across the curve with the 10-year note yields added 4bps to 4.28% as at Monday's close. 10Y European sovereign bond yields also rose around 2bps with the exception of the 10Y UK gilts (-1.5bps).
- The surprised rebound in the ISM manufacturing index back into expansionary territory, coupled with news that Trump will reduce tariffs on India to 18% as India agreed to stop buying Russian oil, revived sentiments and spurred renewed gains in stocks, overshadowing the partial government shutdown pending the House's approval on the funding bill that will delay the release of the all important nonfarm jobs and unemployment rate this Friday. The three benchmark US equity indices ended the day higher between 0.5-1.1% on Monday, with the broader S&P 500 snapping a 3-day losing streak to end the day near record high attained last week.
- Across the Atlantic, major European stock bourses also ended in greens with major indices namely Euro Stoxx, FTSE 100 and DAX all closed up by 1.0-1.2% d/d. On the contrary, Asian stocks saw a sea of red, with KOSPI and Jakarta Composite leading the losses. KOSPI fell over 5.3% amid Fed rate jitters and AI spending concerns while the JCI slipped another 4.9% on the day, bringing accumulated losses to 13.3% from the peak seen two weeks ago amid a $80bn market rout triggered by policy and transparency concerns. Other Asian

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	49,407.66	1.05
S&P 500	6,976.44	0.54
NASDAQ	23,592.11	0.56
Stoxx Eur 600	617.31	1.03
FTSE 100	10,341.56	1.15
Nikkei 225	52,655.18	-1.25
CSI 300	4,605.98	-2.13
Hang Seng	26,775.57	-2.23
Straits Times	4,892.27	-0.26
KLCI 30	1,740.88	0.58
FX		
Dollar Index	97.60	0.47
EUR/USD	1.1791	-0.51
GBP/USD	1.3666	-0.15
USD/JPY	155.63	0.55
AUD/USD	0.6948	-0.23
USD/CNH	6.9426	-0.23
USD/MYR	3.9450	0.40
USD/SGD	1.2722	0.15
USD/KHR	4,026.00	0.11
USD/THB	31.58	0.00
Commodities		
WTI ($/bbl)	62.33	-5.19
Brent ($/bbl)	66.31	-6.21
Gold ($/oz)	4,680.90	-4.07
Copper ($/MT)	12,900.00	-1.30
Aluminum($/MT)	3,056.50	-2.52
CPO (RM/tonne)	4,221.50	0.99

Source: Bloomberg, HLBB Global Markets Research
** Closing as of 29 for CPO; 30-Jan for KLCI and USDMYR*

stock indices also fell as a bout of selloffs in commodities notably gold and silver spilled over to equities.

- Commodity prices plunged amid massive correction after recent sharp rally led by precious metals. Gold hit a fresh record high of $5614/oz last Thursday, but pulled back to an intraday low of $4423/oz yesterday afternoon before narrowing some losses to close the day down 4.1% at $4680/0z, and down about 17% from the peak. On similar grounds, silver corrected 41.3% from its high of $121.65/oz last Thursday to a low of $71.38/oz in yesterday's trading before recouping some lost ground at $79.27/oz as at yesterday's close. The commodity rout was seen spread over to other metals like copper, pushing prices down 5.9% d/d from its peak of $13705/ tonne, and was down 1.3% d/d to $12900/ tonne. That said, the risk-on sentiments brought about by the upbeat ISM manufacturing reading overnight offered commodities a relief rally this morning and we expect Asian markets to follow suit this morning.
- On the FX front, the USD strengthened against all G10s, the most vs safe currency CHF, NOK and JPY, while commodity currencies narrowed losses towards the later part of the trading day. The EUR fell 0.5% d/d to 1.1791, while the GBP and AUD slipped 0.2% d/d each to 1.3666 and 0.6948 respectively. JPY weakened 0.6% to 155.63, dragged by a stronger greenback as well as Japanese PM Takaichi's comment that a weak currency can be a major opportunity for exporters, dampening speculation for intervention. Meanwhile, regional currencies ended Monday mixed, with KRW leading losses tracking its stock market selloff. SGD ended the day weaker by 0.2% to 1.2722 while the MYR last closed at 3.9450 last Friday, down 0.4% d/d.

PMIs improved by and large in January except China

- Final revisions to the January manufacturing PMIs for the majors confirmed overall better traction in manufacturing activities in the major economies. US PMI manufacturing saw the biggest upward revision, by 0.5ppt to 52.4 in January's final print, EU's was revised 0.1ppt higher to 49.5 while UK's got upgraded 0.2ppt to 51.8; Japan's was left unchanged at 51.5 while Australia's PMI manufacturing was revised just a notch down to 52.3.
- Over in China, the official PMIs unexpectedly worsened and dipped below 50.0 to show contractions in both the manufacturing and services sectors, proving December's rebound to positive territory as just a blip. The official PMI manufacturing fell to 49.3 in January (Dec: 50.1) while the services print also fell to 49.4 (Dec: 50.2), and these weak showings could bring forward policy easing sooner than

later. On a less negative note, China's RatingDog PMI edged up from 50.1 to 50.3 in January, marking its 2nd straight month of expansion as higher output offset the fall in new orders.

- In the region, most S&P PMI prints also pointed to quicker expansion in manufacturing activities during the month of January. Malaysia's PMI rose 0.1ppt to 50.2, its highest since May-24, South Korea (51.2 vs 50.1), Philippines (52.9 vs 50.2), Taiwan (51.7 vs 50.9). On the contrary, Vietnam's PMI reported slower expansion (52.5 vs 53.0) while Thailand's saw a sharp pullback from 57.4 to 52.7.
- Singapore's official PMI also showed better traction, picking up for the 3rd straight month from 50.3 to 50.5 in January, spurred by an uptick in the electronics PMI (51.1 vs 50.9).

US ISM manufacturing unexpectedly turned expansionary; producer prices point to higher than expected price pressure

- ISM Manufacturing picked up more than expected to 52.6 in January (Dec: 47.9), back above the 50 threshold for the first time in 11 months signalling an expansion in manufacturing activities. The surge is boosted by jumps in new orders (57.1 vs 47.4), production (55.9 vs 50.7), and employment (48.1 vs 44.8), while the prices paid index rose less than expected to 59.0.
- Producer prices surprised on the upside, unexpectedly quickened to 0.5% m/m in December (Nov: 0.2% m/m), while core PPI also picked up more than expected to 0.7% m/m (Nov: 0.0% m/m). The bulk of the price pressure came from services and goods less food & energy, which more than offset the decline in energy prices. On an annual basis, headline PPI sustained a 3.0% y/y increase while the core reading staged a surprised pick-up from 3.1% to 3.3% y/y. Upside inflation risks will continue to prevent the Fed from any aggressive policy easing, should labour market falter.

Positive bag of advanced 4Q GDP and unemployment rate in the Eurozone

- Advanced reading of 4Q GDP unexpectedly grew at a steady pace of 0.3% q/q, surpassing consensus estimate for a moderation to 0.2% q/q, led by faster growth in Germany, Spain, and Italy. Domestic demand was seen holding up well while exports were withstanding the tariff woes better than expected. On a y/y basis, growth eased to 1.3% y/y as expected (3Q; 1.4% y/y), bringing full year growth to 1.4% (2024: 0.9% y/y). In tune with the resilient domestic demand, a separate release showed unemployment rate unexpectedly improved to 6.2% in December (Nov: 6.3%) A healthy labour market will continue to underpin growth going forward, hence reaffirming our view for no change in the ECB policy rate this year.

Hong Kong advanced 4Q GDP growth surprised on the upside at 3.8% y/y

- Defying expectations for a pullback to 3.0% y/y, advanced GDP print unexpectedly picked up to 3.8% y/y in 4Q, up 0.1ppt from a downwardly revised 3.7% y/y in 3Q. This marked its best growth in two years, driven by quicker growth in exports (15.5% vs 12.0% y/y) and investment (10.9% vs 3.4% y/y), while household spending saw sustained growth of 2.5% y/y (3Q 2.4% y/y).
- For the whole of 2025, the Hong Kong economy expanded 3.5% y/y, exceeded the official growth forecast of 3.2% and 2024's 2.6% y/y. Moving on to 2026, the Hong Kong economy is expected to see sustained growth, underpinned by external trade amid AI-related spending, as well as sustained domestic demand.

House View and Forecasts

FX	This Week	1Q-26	2Q-26	3Q-26	4Q-26
DXY	95-98	96.71	95.13	94.70	95.49
EUR/USD	1.18-1.21	1.20	1.22	1.22	1.21
GBP/USD	1.36-140	1.36	1.37	1.37	1.35
USD/CHF	0.74-0.80	0.78	0.78	0.78	0.78
USD/JPY	150-156	153	149	147	147
AUD/USD	0.69-0.72	0.68	0.69	0.70	0.69
NZD/USD	0.57-0.61	0.58	0.59	0.59	0.58
USD/CNY	6.92-6.97	6.90	6.83	6.85	6.90
USD/MYR	3.90-3.97	4.00	3.97	3.97	4.00
USD/SGD	1.25-1.28	1.26	1.23	1.23	1.24
USD/THB	30.60-31.70	32.2	32,1	32.0	30.8

FX	Last close	1Q-26	2Q-26	3Q-26	4Q-26
EUR/MYR	4.7009	4.78	4.82	4.85	4.84
GBP/MYR	5.4186	5.44	5.45	5.45	5.41
AUD/MYR	2.7424	2.72	2.75	2.78	2.76
CNY/MYR	0.5677	0.58	0.58	0.58	0.58
SGD/MYR	3.1024	3.17	3.21	3.23	3.22

Rates, %	Current	1Q26	2Q26	3Q26	4Q26
Fed	3.50-3.75	3.50-3.75	3.25-3.50	3.00-3.25	2.75-3.0
ECB	2.00	2.00	2.00	2.00	2.00
BOE	3.75	3.50	3.50	3.50	3.50
SNB	0.00	0.00	0.00	0.00	0.00
BOJ	0.75	0.75	0.75	1.00	1.00
RBA	3.60	3.60	3.60	3.60	3.60
RBNZ	2.25	2.25	2.25	2.25	2.25
BNM	2.75	2.75	2.75	2.75	2.75

Source: HLBB Global Markets Research

Up Next

Date	Events	Prior
3-Feb	AU Building Approvals MoM (Dec)	15.20%
	AU RBA Cash Rate Target	3.60%
	HK Retail Sales Value YoY (Dec)	6.50%
	US JOLTS Job Openings (Dec)	7146k
4-Feb	AU S&P Global Australia PMI Services (Jan F)	56
	HK S&P Global Hong Kong PMI (Jan)	51.9
	SI S&P Global Singapore PMI (Jan)	54.1
	JN S&P Global Japan PMI Services (Jan F)	53.4
	CH RatingDog China PMI Services (Jan)	52
	EC HCOB Eurozone Services PMI (Jan F)	51.9
	UK S&P Global UK Services PMI (Jan F)	54.3
	EC PPI YoY (Dec)	-1.70%
	EC CPI Core YoY (Jan P)	2.30%
	US MBA Mortgage Applications (30-Jan)	-8.5%
	US ADP Employment Change (Jan)	41k
	US S&P Global US Services PMI (Jan F)	52.5
	US ISM Services Index (Jan)	54.4

Source: Bloomberg

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